



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/15/03
AGENDA ITEM 3
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Hayward Medical Center Refinancing Approval

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution regarding the refinancing of the Hayward Medical Center.

DISCUSSION:

In 1983, Kaiser Permanente financed seven health care centers throughout California using proceeds from the issuance of tax-exempt variable rate demand bonds. One of these facilities is the Kaiser Permanente Medical Center, Hayward Medical Offices located at 27400 Hesperian Boulevard.


Kaiser Permanente would now like to refinance all of these facilities using proceeds from tax-exempt bonds issued by the California Statewide Communities Development Authority (CSCDA). CSCDA is a statewide joint powers association formed in 1988 which is jointly sponsored by the California State Association of Counties and the League of California Cities. More than 340 local public agencies are members. The City of Hayward became a member of CSCDA in December 2002 in order to facilitate the financing of the Tiburcio Vasquez Health Clinic on Mission Boulevard.

The sole purpose of this refinancing is to take advantage of the lower interest rates provided by tax-exempt bonds. The current coupon rate of the bonds is 5.45%. The underwriter, Citigroup Global Markets, Incorporated, anticipates that the coupon rate after refinancing will be approximately 1.5%. Kaiser will not be receiving additional funds or taking on additional debt as a result of the refinancing.

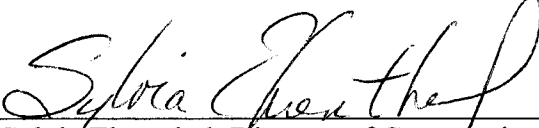
Since one of the Kaiser facilities to be refinanced is located in Hayward, CSCDA is asking the City to adopt the attached resolution and program participation approval for the issuance of the bonds used in this refinancing. CSCDA's bond counsel has determined that a public hearing is not required since the maturity date of the existing bonds will not be extended and no new projects will be financed through the refinancing.

The City is not issuing bonds nor will it be liable for the repayment of the bonds. The City's only role in the refinancing is approving the issuance of the CSCDA bonds.

Prepared by:

for 
Ann R. Bauman, Neighborhood and
Economic Development Manager

Recommended by:


Sylvia Ehrental, Director of Community
and Economic Development

Approved by:


Jesus Armas, City Manager

Resolution

HAYWARD CITY COUNCIL

RESOLUTION NO. 03-_____

mal
7/9/03

Introduced by Council Member _____

RESOLUTION APPROVING ISSUANCE OF BONDS BY THE
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY FOR A LOCAL KAISER
PROJECT

WHEREAS, Kaiser Foundation Hospitals, d/b/a/ Kaiser Permanente ("Kaiser"), has submitted an application to California Statewide Communities Development Authority (the "Authority") for its assistance in issuing the Authority's Refunding Revenue Bonds (Kaiser Permanente) Series 2003 (herein, the "Bonds") in an aggregate principal amount not to exceed \$240,000,000 to refund prior tax-exempt bonds which financed various Kaiser facilities throughout the State of California; and

WHEREAS, City of Hayward is a Program Participant of the Authority ("Participant") in which a portion of the Project being refinanced with the Bonds located (the "Local Project"); and

WHEREAS, the location and a description of the Local Project, and the approximate amount of prior bond proceeds spent on the Local Project, is set forth in the Authority application, a copy of which has been provided to the Participant; and

WHEREAS, Section 9 of the Authority's Joint Exercise of Powers Agreement, which the Participant has signed, requires that the Participant approve the Local Project and the issuance of the Bonds before the Authority may issue the Bonds. Participant has been advised that there is no legal requirement for it to conduct a public hearing for federal tax purposes or otherwise prior to approval or issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hayward:

Section 1. The City Council of the City of Hayward hereby approves the Local Project and the issuance of the Bonds.

Section 2. The City Manager of the City of Hayward is hereby authorized and directed to negotiate and execute all such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 3. The Clerk shall forward a certified copy of this Resolution to:

Sean Mick, Project Manager
Orrick, Herrington & Sutcliffe LLP
400 Capital Mal, Suite 300
Sacramento, CA 95814

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward